GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7735
ANSWERED ON:17.05.2002
RATING OF FD S OF PUBLIC SECTOR BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether the fixed deposit scheme of public sector bank have not been rated, while private sector bank/companies have been included in this scheme;

(b) if so, the reasons therefor;

(c) whether the Government are contemplating to determine the Rating of the fixed deposit scheme of the public sector banks;

(d) if so, the details thereof; and

(e) the time by which guidelines are likely to be issued by the Reserve Bank of India in this regard ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) to (e):- Reserve Bank of India (RBI) has reported thaton and from January 31, 1998 Non-Banking Financial Companies(NBFCs) having a Net Owned Fund (NOF) of twenty five lakh rupees and above cannot accept public deposits unless they obtained minimum investment grade or other specified credit rating for fixed deposits from any one of the approved credit rating agencies at least once in a year. In the event of upgrading or downgrading of credit rating to any level from the previous level, NBFCs have to informin writing about the same to Reserve Bankwithin fifteen working days. However, Equipment Leasing and Hire Purchase Finance Companies having
(i) NOF of Rs. 25 lakh or more; and
(ii) complying with all prudential norms with CRAR of not less than 15% can accept deposit not exceeding 1.5 times of NOF or Rs. 10 crore,whichever is less, without rating.

RBI has further reported that they have not issuedany nstructions/guidelines to public sector banks on getting individual instruments like FDs rated by Rating Agencies.